

France suffered less keenly than England in 1846 from the Insufficiency of the crops, but the exportation of bullion, under the demands of the London market and in payment for grain, carried the reserve of the Bank of France down from 252,000,000 francs on July 1, 1846, to 80,000,000 francs on January 1, 1847. The bank was besieged for discounts, purchased gold and silver in the provinces at a premium, and sold 20,000,000 francs in French securities to the Barings of London for gold. The crisis was so intense that the management of the bank decided on January 14, 1847, for the first time in twenty-seven years, to raise the rate of discount from four to five per cent. The outflow of specie ceased and the reserve rose from 78,000,000 francs on January 15th to 110,000,000 francs on March 16th. The Emperor of Russia came to the rescue of the bank and offered to buy French public securities to the amount of 50,000,000 francs.¹ The bank accepted the offer and these securities went to Russia in payment for grain in place of the bullion which would otherwise have been exported. It was well understood in France that the efflux of gold was due to foreign payments and there was no disposition to present bank-notes for redemption in specie for domestic use.³ The bank was so well equipped with bullion and confidence was so fully restored that France was little affected by the autumn pressure in England and discount was reduced on December 27, 1847, to the standard rate of four per cent. The breaking out of the revolution of 1848 arrested the development of business, and led the bank to seek the suspension of specie payments by authority of the government for the protection of its metallic reserve. The accumulation of bullion was unprecedented from 1848 to 1851 and attained on October 2, 1851, 626,000,000 francs, which was about 20,000,000 francs in excess of the entire circulation of bills.

¹ Noel L, in. The negotiations were opened by the Russian ambassador at Paris, Count Kisselef, and a deputy governor of the bank went to St. Petersburg to conclude the transaction. The contract was signed March 17, 1847.

³Juglar, 417.